DOCUMENT RESUME

ED 324 780 EA 022 308

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TITLE Education for All in Latin America in the Twenty-First Century: The Challenges of Jomtien. Development Discussion Paper No. 358.
INSTITUTION Harvard Univ., Cambridge, MA. Inst. for International Development.
PUB DATE Sep 90
NOTE 41p.
PUB TYPE Viewpoints (120)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Developing Nations; Educational Administration; Educational Assessment; *Educational Economics; *Educational Innovation; *Educational Quality; Elementary Secondary Education; Equal Education; *Excellence in Education; Expenditure per Student; Financial Policy; Foreign Countries; Grade Repetition; International Cooperation; Population Growth; Resource Allocation; School Restructuring
IDENTIFIERS *Latin America

ABSTRACT

A declaration for achieving universal basic education adopted by the World Conference on Education for All in Jomtien, Thailand, as it relates to Latin America is discussed in this paper. The document then offers an examination of educational expansion in Latin America, a discussion of disproportionate educational budget cuts, and an analysis of challenges that stem from two trends: (1) the growing gap between population growth and educational expansion; and (2) low educational quality and high repetition rates. Proposals are offered for major, gradual educational reforms based on an increased level of fiscal resources, and a change in resource management responsive to economic needs. The major obstacle to implementation is argued to be the political economy of education and of adjustment. International support of local initiatives is important in achieving basic educational equity. (33 references) (LMI)

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Development Discussion Papers

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Fernando M. Reimers

Development Discussion Paper No. 358

September 1990

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ABSTRACT

This paper examines the state of basic education in Latin America, highlights the challenges stemming from the heavy debt burdens crippling the economies of many Latin American countries, and concludes by proposing some course of action to respond to the call of the recent World Congress in Basic Education.

The paper analyzes the progress made in educational expansion in Latin America, discusses the disproportionate budget cuts that the education sectors suffered during the 1980s, and reviews some challenges for achieving the goals of the World Congress in Latin America, stemming from the gap between population growth and educational expansion and from educational quality and repetition rates.

The paper concludes by proposing educational reforms in the 1990s in order to achieve education for all. Policy initiatives to increase the level of fiscal resources for education are an important component of these reforms. But change is also needed in the management of those resources and in making the educational system more responsive to the needs of the economy.

The major obstacle in the implementation of these reforms will probably stem from the political economy of education and of adjustment. The international community has a significant, potential role in supporting local initiatives directed at achieving basic education for all in Latin America.

Fernando M. Reimers is an Institute associate at the Harvard Institute for International Development. The author is grateful for the valuable suggestions of Noel McGinn, Luis De Sebastian, Joseph Tham, and Kin Bing Wu on a draft of this paper. As usual, the author is responsible for views, errors, and omissions in the paper.

EDUCATION FOR ALL IN LATIN AMERICA IN THE TWENTY-FIRST CENTURY: THE CHALLENGES OF JOMTIEN

On March 9, 1990, the 1,500 participants in the World Conference on Education for All in Jomtien, Thailand,[1] adopted the World Declaration on Education for All: Meeting Basic Learning Needs, which proposed that all countries should achieve universal access to and completion of primary education by the year 2000, while universalizing access and promoting equity, focusing on learning, broadening the means and scope of basic education, enhancing the environment for learning, and strengthening partnerships. This declaration emphasized the challenges to achieving universal basic education stemming from debt burdens and economic stagnation crippling the economies of many developing countries:[2]

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[1]The Conference was sponsored by UNDP, UNICEF, UNESCO, and the World Bank.

[2]The declaration was adopted in Jomtien after three drafts had been circulated among delegates. The third draft, which the delegates received prior to the conference, did not have this final emphasis on debt. This addition was the result of an amendment submitted by the delegates of the Latin American countries. The Latin American proposal read: "The debt problem is definitely the main obstacle confronting many countries in order to achieve social and economic development particularly in education since it largely exceeds their capacity to pay. This debt conspires against the tasks of development. New unconventional and equitable formulas are required in order to solve this problem since for many countries the options are either to pay this debt or to attend basic needs especially those of education. Creditor countries must come up with equitable and fair answers to the debt problem."

> ... the world faces daunting problems: notably mounting debt burdens, the threat of economic stagnation and decline, rapid population growth, widening economic disparities among and within nations, war, occupation, civil strife, violent crime, the preventable deaths of millions of children and widespread environmental degradation ...
>
> These problems have lead to major setbacks in basic education in many of the least developed countries. In some other countries, economic growth has been available to finance education expansion, but even so, many millions remain in poverty and unschooled or illiterate. In certain industrialized countries too, cutbacks in government expenditure over the 1980s have led to the deterioration of education.[3]

The declaration proposed a renewed commitment to basic education for all. This paper examines the state of basic education in Latin America,[4] highlights the challenges stemming from the external debt and adjustment programs of many Latin American countries, and concludes proposing some lines of action to respond to the call of Jomtien.

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[3]World Declaration on Education for All. 1990. p.1

[4]By Latin America, I refer to the countries of the region sharing historical and institutional heritages, namely the Spanish-speaking countries, plus Brazil and Haiti.

It is important to recognize that the Latin American regional conference of Ministers of Education[5] in 1979 agreed to tackle some of the same objectives proposed at Jomtien eleven years later. An analysis of the prospects of the call of Jomtien for Latin America, must then start by examining the progress made during the last eleven years by the countries of the region. Not insignificant to the record of this progress is the fact that in the two decades prior to the time when the Ministers of the Region subscribed to the "Proyecto Principal de Educacion para America Latina y el Caribe" the region had witnessed substantial rates of economic growth. It was a couple of years later that the term "debt crisis" became popular. I will contend here that Jomtien cannot contribute much to the will or motivation of educational policymakers in Latin America, since similar objectives were expressed just prior to the debt crisis. Effective implementation of those objectives will have to move beyond policy frameworks into concrete changes in the structures and practices of the Ministries of Education.

1. An Overview of Basic Education in Latin America: From the Golden Years to the Era of Adjustment

During the 1960s, Basic Education in Latin America experienced a remarkable quantitative expansion. Human capital theory was in vogue at the time, and in 1962 when the Ministers

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[5]Since the 1950s, the Ministers of Education in Latin America hold regional meetings which serve to develop policy frameworks that influence national policies.

of Education and Finance of the region's countries met as a group for the first time, the latter rapidly agreed to finance educational expansion, as a way to finance development.[6] Enrollments in primary education boomed in the 1960s and 1970s as can be seen in Table 1. The rate of growth of net enrollments, however, declined for most countries in the 1980s, this may reflect the fact that it is harder to enroll the last 10% or 5% of the age cohort but also the loss of momentum of the expansion of basic education systems from what this rate was in the 1960s and 1970s.

[6]This was the Santiago (Chile) Conference of Education, one of the regional ministerial meetings explained earlier.

Table 1. Enrollment Rates in Primary Education and Growth in Enrollment Rates in Latin America.

	Net Enrollment in Primary					Average Annual Growth (%)			
	1965	1970	1975	1980	1985	65-70	70-75	75-80	80-85
Argentina	92.6	96.8	97.9	95.1	95.2	0.89	0.23	-0.58	0.02
Bolivia	74.8	67.9	78	86.6	84.3	-1.92	2.81	2.11	-0.54
Brazil	65.9	73.4	80.5	88.6	90.1	2.18	1.86	1.94	0.34
Colombia	65.9	79.1	87.2	81.8	75.9	3.72	1.97	-1.27	-1.49
Costa Rica	101.4	89	92.1	89.3	83.9	-2.58	0.69	-0.62	-1.24
Cuba	90.5	94.6	99.5	97.6	93.7	0.89	1.02	-0.38	-0.81
Chile	100	90.4	92.3	89.6	88.8	-2.00	0.42	-0.59	-0.18
Dom. Rep.	73.3	77.3	86.2	99.9	107.3	1.07	2.20	2.99	1.44
Ecuador	73.4	78.7	78.2	87.8	88.8	1.40	-0.13	2.34	0.23
El Salvador	60.9	68.3	78.7	79	73.8	2.32	2.88	0.08	-1.35
Guatemala	43.7	50.4	54.4	60.5	65.4	2.89	1.54	2.15	1.57
Haiti	29.9	33.6	39	36.5	54.7	2.36	3.03	-1.32	8.43
Honduras	68.2	78.4	77.9	80.3	91	2.83	-0.13	0.61	2.53
Mexico	66.6	77.8	83.3	92.6	100.5	3.16	1.38	2.14	1.65
Nicaragua	53.9	64.3	66.5	77.3	84.9	3.59	0.68	3.06	1.89
Panama	82.6	74.1	87.4	88.5	88.6	-2.15	3.36	0.25	0.02
Paraguay	80	88.4	88.8	95.2	95.2	2.02	0.09	1.40	0.00
Peru	70.5	77.7	84.1	86.5	97.5	1.96	1.60	0.56	2.42
Uruguay	85.4	82.8	81.2	83	91	-0.62	-0.39	0.44	1.86
Venezuela	82.6	88.9	92.6	103.2	105.6	1.48	0.82	2.19	0.46

Derived from: Lockheed, M. and A. Verspoor. 1989. Improving Primary Education in Developing Countries: A Review of Policy Options. Manuscript. World Bank. Statistical Appendix.
Ratios over 100% are the result of inconsistencies in the enrollment data or errors due to the interpolation of population data.

Schools were built, teachers were hired to support this educational expansion and the State paid the bill allocating increasing shares of resources for education. Table 2 shows that for the region as a whole the number of primary schools increased by over 2% annually from 1965 to 1970 and by almost 4% a year between 1970 and 1975, this growth decelerated in the 1980s. The number of primary school teachers grew at 7% a year from 1965 to 1970 and at 6% a year from 1970 to 1975, also accelerating thereafter.

Table 2. Expansion of Primary Schools and Primary School Teachers in Latin America 1965-1985.

Year	Schools	Annual Growth	Teachers	Annual Growth
1965	298,900		1,030,200	
1970	337,700	2.47	1,474,000	7.43
1975	406,900	3.80	1,967,500	5.95
1980	445,700	1.84	2,172,800	2.00
1985	439,300	-.29	2,505,200	2.99

Derived from: Lockheed and Verspoor. 1989. Statistical Appendix.

This progress of educational expansion would soon come to a halt in what has come to be known as the "lost decade" in Latin America -- the 1980s. During the 1980s, the Latin American economies experienced severe economic set backs: mounting external debts and the consequent programs of structural adjustment to close the foreign exchange and fiscal deficits.

With adjustment came the realization that not all sectors and groups in the society would suffer the burden of adjustment equally; education turned out to be a particularly vulnerable sector.

2. The Challenges of External Indebtedness

Latin America is the area of the world hardest hit by external debt, eleven of the seventeen most highly indebted countries in the world are in Latin America.[7]

Faced with debt, adjustment programs are undertaken as a response to balance of payments difficulties and fiscal deficits. Structural adjustment involves reductions in government expenditures as a means to curb domestic aggregate demand. Governments may implement adjustment programs voluntarily or under pressure from international financial institutions in order to receive more loans. External debt management during the 1980s emphasized debt repayment; the focus was on increasing foreign earnings in order to continue servicing the debt. A side effect of this short-sighted view of the problem was a neglect in levels of investment and production, reductions of internal consumption and salaries, and, in many cases, financing of government budgets with inflationary means. The net result is that during the 1980s most of Latin America experienced no growth. More recently, national governments and international banks have recognized that

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[7]World Bank. World Debt Tables. (Washington: World Bank, 1988), Vol 1, xviii.

the management of external debt cannot be at the expense of long-term growth and that some debt reduction is necessary. The Brady plan is an attempt to produce effective debt reductions of commercial debt, but this proposal -- and probably all future proposals for debt reduction -- calls for adjustment and hence increased pressure to reduce budget deficits. The fact that to date only three Latin American countries -- Costa Rica, Mexico, and Venezuela -- have renegotiated with Brady-type schemes suggest that the future has no easy solution in sight.

Once governments are faced with the fact that they have to cut their spending, the next question is what has to be cut and the magnitude of the cuts for each sector. Elsewhere, I have documented that the adjustment process had a disproportionate impact on education expenditures as a percentage of government expenditures and of GNP.[8] In a dialectic relationship with reduced budgets, education lost political support among policy elites. A former senior planner of the Mexican Secretary of Education has documented that the governors of several provinces told him in the late 1980s that education no longer had the

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[8]Reimers, F. Deuda Externa y Financiamiento de la Educacion. Su Impacto en Latinoamerica. Santiago, UNESCO. Oficina Regional para America Latina y el Caribe. 1990.

Reimers, F. A New Scenario for Educational Planning and Management in Latin America: The Impact of the External Debt. Paris, UNESCO, International Institute for Educational Planning. 1990.

political and social priority it had in previous decades.[9] In March 1990, I presented some research findings documenting the disproportionate impact of adjustment programs on education finance at the International Congress in Educational Planning and Management sponsored by UNESCO and by the Mexican Secretary of Education.[10] The next day, a major local newspaper ran an editorial entitled "Education and Resources," which said:

> In our country we have a budget which is, if not optimal, close to what is needed, but unfortunately the political contamination of education at all levels has made it a means to satisfy personal ambitions, to negotiate positions, all of this encourages an aggressive and incompetent bureaucracy which intercepts most of that budget before it reaches the true needs of education ... (El Heraldo, Editorial. March 29, 1990. My own translation.)

Whatever the political rhetoric, adjustment has meant reduced resources to finance education. Table 3 shows that the average annual rate of growth of constant expenditures in education is higher before 1980 than in the 1980s. Between 1975

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[9]Prawda, J. Logros, Inequidades y Retos del Futuro del Sistema Educativo Mexicano. Editorial Grijalbo. 1987. p. 189.

[10]Reimers, F. "The Impact of the Debt Crisis on Education: Implications for Educational Planning and Management." Presented by invitation at the UNESCO International Congress Planning and Management of Educational Development. Mexico City, March 1990.

and 1980, total expenditures in education grew in all countries of the region. Between 1980 and 1985, total expenditures declined in real terms in twelve of the eighteen countries for which we have data. In addition, the rate of growth of total expenditures declined in three other countries. Only three countries (Honduras, Nicaragua, and Panama) experienced higher rates of growth after 1980 than before. In 1985, Panama had, after Haiti, the lowest level of external debt servicing as a percentage of exports, with the consequent lesser pressure to adjust its economy. The Central American Conflict translated into high levels of foreign aid to Honduras, with similar reduced pressures to adjust its economy. A higher priority accorded to education and/or changes in government accounting procedures during the Nicaraguan Revolution may explain the drastic increase in the rate of growth of expenditures from 1.63% per year between 1975 and 1980 to 12.47% per year between 1980 and 1985.[11]

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[11]A recent account of the educational reforms implemented during the Nicaraguan Revolution suggests that many new programs of adult education were developed during this period. The 10% average annual growth in figures of education expenditures of the central government (1980-85) reported in this account is consistent with the spectacular growth observed here. (Arrien. J and R. Matus Nicaragua: Diez Anos de Educacion en la Revolucion. Claves Latinoamericanas. 1989.

Table 3. Changes in Total Government Educational Expenditures (Constant 1985 dollars) Before and After 1980.

Country	Constant US Dollars 1985			Average Annual Growth (%)		
Country	1975	1980	1985	1975-80	1980-85	1975-85
Argentina	1651.00	2643.00	1200.70	9.87	-14.60	-3.13
Bolivia	117.80	161.00	12.10	6.45	-40.41	-20.35
Brazil	4480.10	7168.30	7987.30	9.86	2.19	5.95
Chile	448.40	727.50	630.10	10.16	-2.83	3.46
Colombia	520.50	578.20		2.12		
Costa Rica	129.60	278.10	162.10	16.50	-10.23	2.26
Cuba						
Dom. Rep.	72.40	93.10	75.30	5.16	-4.16	0.39
Ecuador	250.40	579.80	415.40	18.28	-6.45	5.19
El Salvador	137.30	163.70	110.20	3.58	-7.61	-2.17
Guatemala	120.10	187.60	168.70	9.33	-2.10	3.46
Haiti	16.60	31.00	23.50	13.31	-5.39	3.54
Honduras	83.00	100.90	144.90	3.98	7.51	5.73
Mexico	4246.10	4701.90	4424.40	2.06	-1.21	0.41
Nicaragua	82.10	89.00	160.20	1.63	12.47	6.91
Panama	176.10	198.90	237.00	2.46	3.57	3.01
Paraguay	26.80	44.40	46.90	10.62	1.10	5.76
Peru	533.10	545.40	459.40	0.46	-3.37	-1.48
Uruguay		133.80	123.90		-1.53	
Venezuela	2612.10	2910.60	3215.10	2.19	2.01	2.10

Derived from: Lockheed and Verspoor. 1989. Statistical Appendix.

With rising populations, these reductions in the rate of growth of expenditures led to net reductions in expenditures on education per capita as can be seen in Table 4.

Table 4. Total Government Expenditures in Education Per Person in 1985 U.S. Dollars, by Country, 1975-1985.

Country	Expenditure per capita in constant US $ 1985			Annual Growth Rates (Percentages)		
	1975	1980	1985	1975-80	1980-85	1975-85
Argentina	63.37	93.60	39.28	8.11	-15.94	-4.67
Bolivia	24.07	28.75	1.88	3.62	-42.03	-22.50
Brazil	42.69	59.10	58.92	6.72	-0.06	3.27
Chile	43.98	65.28	51.98	8.22	-4.45	1.69
Colombia	22.01	22.33		0.29		
Costa Rica	65.85	123.88	65.13	13.47	-12.07	-0.11
Cuba						
Dom. Rep.	15.24	17.10	12.06	2.34	-6.75	-2.31
Ecuador	35.59	71.38	44.30	14.93	-9.10	2.21
El Salvador	34.28	36.31	22.87	1.16	-8.83	-3.97
Guatemala	19.24	27.12	21.19	7.11	-4.82	0.97
Haiti	3.62	6.19	4.48	11.31	-6.28	2.14
Honduras	26.83	27.34	33.14	0.37	3.93	2.13
Mexico	70.60	67.76	56.77	-0.82	-3.48	-2.16
Nicaragua	37.97	32.56	48.95	-3.03	8.49	2.57
Panama	103.35	101.69	108.72	-0.32	1.35	0.51
Paraguay	9.98	14.11	12.70	7.17	-2.08	2.44
Peru	35.16	31.54	23.32	-2.15	-5.86	-4.02
Uruguay		46.01	42.27		-1.68	
Venezuela	206.25	193.73	185.66	-1.24	-0.85	-1.05
Unweighted Average Growth				4.29	-6.14	-1.34

Derived from: United Nations: Demographic Yearbook. 1984, 1987, and Lockheed and Verspoor 1989.

While expenditures in education per capita decreased in real terms in five countries between 1975 and 1980, they decreased in sixteen countries between 1980 and 1985. The only exceptions are Honduras, Nicaragua, and Panama, may be due to the reasons offered earlier. On average (unweighted) per capita expenditures in education increased by 4.29% per year between 1975 and 1980, while they decreased by 6.14% between 1980 and 1985. The progress in educational finance made in the 1970s was undone in the 1980s.

These cuts in financial resources have led to the restructuring of the education budgets in ways that are inconsistent with efficiency and equity objectives;[12] one reason for this is that the implementation of the cuts has been shaped by the politics of the budgetary process[13] more than by technically rational criteria. Bureaucratic politics have shaped who is to bear the cuts; therefore, one reason why primary education has suffered disproportionate cuts is not only that university students are a politically vocal group but also that the university sector has a strong capacity for policy analysis to justify their budget requests. An example from Venezuela will illustrate this point: in June 1990, I interviewed the director of planning and budgeting of the Venezuelan Ministry of Education who said:

> My office can do very little about the universities. They have their own policy body, the National Council of Universities, composed of the Presidents of the Public Universities and of the Minister of Education. This body is advised by their own planning office: the Planning Office of

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[12]Reimers, F. 1991. "The Impact of Structural Adjustment on Education in Latin America." Comparative Education Review. Accepted for publication.

[13]Reimers, F. "The Role of Organization and Politics on Government Financing of Education: Adjusting to Structural Adjustment in Latin America." Comparative Education. Vol 27(1), January 1991.

the University Sector. So our role is basically to give them what they ask for and let them decide how to spend it.

I visited the well-staffed headquarters of the Planning Office of the University Sector and was impressed by a well-endowed library -- better than that of the Ministry of Education -- and by their statistical yearbook, comparable -- if not better -- to the yearbook published by the Ministry of Education. Considering this agency looks after only twelve national universities and about forty community colleges (institutos universitarios), the administrative support per student is many times over that of students in primary or secondary school.

3. The Challenges Ahead

The adjustment phase that the Latin American countries will experience at least until the end of the decade and the political economy of the adjustment that leads to disproportionate cuts in education and in some areas of expenditures within education (e.g. primary education, capital expenditures, scholarships, and teaching materials), configure a new scenario that threatens equity and efficiency.

These cuts will compound the existing challenges in the provision of basic education. The first challenge is a growing population of primary school age. While the growth of children aged 6-11 enrolled in school outpaced the growth of the population of the same age in the 1960s and 1970s, the gap

between these two figures has been closing in the 1980s. Growing student populations means growth in enrollment needs to keep ahead of population growth to universalize access.

Table 5. Growth of 6-11 Years Old Students Enrolled in Primary School and of Population 6-11 Between 1980 and 2000. (Number of Children in Thousands).

Country	Enrolled 1980	1985	Annual Growth	Proj. 2000	6-11 old children 1980	1985	2000	Out of School 2000
Argentina	3046	3545	0.03	5588	3203	3722	3994	
Bolivia	777	875	0.02	1250	897	1037	1395	145
Brazil	12858	14187	0.02	19056	17564	19087	22617	3561
Chile	1348	1287	-0.01	1120	1505	1450	1496	376
Colombia	3197	3104	-0.01	2841	3909	4087	4555	1714
Costa Rica	297	313	0.01	366	333	373	429	63
Cuba	1323	967	-0.06	378	1355	1032	1141	763
Dom. Rep.	785	866	0.02	1163	946	975	1194	31
Ecuador	1191	1299	0.02	1685	1356	1490	1977	292
El Salvador	517	519	0.00	525	796	869	981	456
Guatemala	581	737	0.05	1504	1176	1379	1806	302
Haiti	319	500	0.09	1925	872	914	1103	
Honduras	444	574	0.05	1240	672	765	1121	
Mexico	11767	12816	0.02	16558	12701	12751	15374	
Nicaragua	312	397	0.05	818	494	571	782	
Panama	281	287	0.00	306	318	324	325	19
Paraguay	400	446	0.02	618	509	570	817	199
Peru	2399	2955	0.04	5523	2774	3032	3391	
Uruguay	258	294	0.03	435	311	323	328	
Venezuela	2014	2277	0.02	3291	2360	2622	3289	

Derived from: Lockheed and Verspoor. 1989. Statistical Appendix. Growth Rates derived as compound growth rates.

Table 5 shows that if the number of children 6-11 years old enrolled in primary school continued to grow until the end of this century at the same rates as it grew between 1980 and 1985,

by the year 2000 there would be 7,921,000 children of primary school age out of school in Latin America. The following countries in the region would still not have achieved universal primary education: Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Panama, and Paraguay. This means that these countries need to speed up their progress enrolling children just to catch up with the growth of their population.

But the need for quantitative progress is just one side of the challenges facing Latin American countries to respond effectively to the cry of Jomtien. Another persistent problem is the quality of education. Low quality education has implications for the external efficiency as well as for the internal efficiency of education. This problem is especially acute at lower levels of the system, constraining the opportunities of large groups of the society to either enter highly productive jobs or to aspire to pursue higher studies -- since admission to universities requires passing an entrance test.

Low quality, which results in high repetition rates, increases the costs of graduating a student and leads many children to eventually drop out.

Table 6 shows that while some countries have made progress in reducing their repetition rates these rates are still very high in most of them.

Table 6. Percentage of Repeaters in Primary Education in Latin America. 1975-1985.

Country	Percentage of Repeaters		
Population	1975	1980	1985
Argentina	8.70		
Bolivia			
Brazil	15.20	20.20	19.70
Chile	12.50		
Colombia	15.40		17.00
Costa Rica	6.50	7.90	10.60
Cuba	8.10	5.70	3.20
Dom. Rep.		18.00	12.80
Ecuador	11.40	9.70	8.60
El Salvador	7.50	8.80	8.40
Guatemala	14.80	15.00	13.10
Haiti		20.90	9.50
Honduras		16.20	15.50
Mexico	11.00	9.80	9.90
Nicaragua	13.70	16.90	15.40
Panama	12.60	12.70	13.10
Paraguay	15.30	13.60	10.60
Peru	10.20	18.80	14.10
Uruguay	14.00	12.40	11.30
Venezuela	2.70	9.80	9.40

Derived from: Lockheed and Verspoor. 1989. Statistical Appendix.

4. Outline of an Agenda for Educational Reform

The education systems of Latin American countries need to respond to these reductions in the levels of public finance with a long-term focus on efficiency and equity.[14]

[14]I recognize that, in spite of the commonalities in the education systems of the region, there is enough heterogeneity between and within countries to call for specific policies designed to address the unique characteristics of each country.

There are, however, some common structural features in these systems, the recommendations that follow focus on these general and common aspects, rather than on the particular.

The "adjustment era," which Latin America has entered probably until the end of this century, conforms a new scenario for educational planning and management. I contend that there are two ways the education system can respond to this new scenario: 1) quick-fix adjustment and 2) planned reform.

Quick-fix adjustments are reductions in the education budgets in those portions that are easiest to cut.

By definition, quick-fix cuts are not implemented to optimize efficiency or equity, hence they may lead to adjustments that are more responsive to the interests of the most powerful or vocal groups.

Drawing from the work of Hewton[15] in England, I propose that of these two ways planned reform has a better chance to preserve efficiency and equity in the provision of education.

Analyzing the impact of reductions in education expenditures in England, Hewton[16] advances the notion of "cultures of choice," referring to the organizational climate in which educational policy decisions are made. He suggests that reductions in financial resources require moving from a "crisis culture" (in which the sense of direction is lost) to a "culture of cuts" (which attempts to control the decline associated with reduced levels of expenditures).

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[15]Hewton, E. Education in Recession. (London: Allend & Unwin. 1986).

[16] Hewton. 1986.

> A cuts culture is not associated with termination ... nor is it related to major axeing of parts of an organization ... Rather, it is a culture which is linked to extended periods of marginal contraction. In some respects it might be likened to a crisis culture except that uncertainty is no longer accompanied by very short decision-time. Crises may still intrude into the cuts culture, yet, overall, there is time for reflection, review, evaluation and negotiation. The future may not look bright, but at lest there is the opportunity to prepare for it.[17]

Hewton proposes that the emergence of a cuts culture will proceed in a three-staged process of response in local bodies of educational decision making: 1) defensiveness (and denial of the problem); 2) pragmatic adjustment (cut what you can); and 3) reform, where policymakers realize that short-term adjustment has meant undesired sacrifices in equity or efficiency.[18]

As noted above, the specificities of each country or region will call for specific policy solutions to maximize equity and efficiency in that context. These recommendations address the problem of strengthening the educational system in a way that it can explore and implement those policy options that best address

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[17]Hewton 1986, 127.

[18]Hewton 1986, 128-143.

its unique problems. These suggestions attempt to configure a second-level policy framework, on top of which national systems -- with an increased capacity to decentralize policy design and implementation -- can design specific policies.

The propositions that follow[19] are based on the assumption that the "adjustment era" provides the timing and the sense of urgency that creates the need for change in the educational system, making these propositions attractive policy options. The framework within which these options have been developed is one that considers education a crucial component of long-term development, both in terms of its potential to contribute to productivity (efficiency) and to social and political development (equity). These propositions are also developed for the specific context of education in Latin America and may not be applicable to other regions of the world (i.e. Africa), facing similar financial constraints but with different features in their education systems, labor markets, governments, and society. The most recent IDB report on the economic and social progress in Latin America summarizes the educational scenario as follows:

> Despite an impressive increase in primary school enrollment, illiteracy is still high among an important segment of the

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[19]These propositions are developed in more detail in Reimers, F. A New Scenario for Educational Planning and Management in Latin America: The Impact of the External Debt. Paris, UNESCO, International Institute for Educational Planning. 1990.

> population in several countries. The adult literacy campaigns launched in almost all of them have had varying results. Also, although in most of the countries almost all school-age children go to elementary school ... most of them do not complete that level. The quantitative increase in elementary school enrollment has brought problems of educational quality. In Latin America a high percentage of the schools are incomplete, and repeat and drop-out rates are high. In addition to that, teacher training at the elementary and secondary levels is still inadequate.[20]

4.1. Policies to Influence Educational Inputs: Readjusting Educational Finance

The question here is how can additional resources be made available to redress the impact of the adjustment, while optimizing efficiency and equity.

The pressures for fiscal balance may develop a "culture of cuts" both at the level of the national cabinet as well as within the Ministry of Education.

> A "culture of cuts" will normally tend to take a short-term view and look for immediate savings, devaluing the long term because of the uncertainties involved; it will be conservative towards change and seek to minimize cost within

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[20]Inter American Development Bank. Economic and Social Progress in Latin America. (Washington, D.C.: IDB. 1989), p.57

> the existing structure of provision to the point where this ceases to be viable; it may then encourage radical consideration of provision to transfer costs away from its own budget; it will value economy over improved access and equitable distribution of services; it may support the development of a "siege mentality" where the focus is on eking out existing resources rather than generating new ones from outside its immediate institutional environment.[21]

Although governments facing resource constraints could be tempted to justify spending less on education on ideological grounds, this is an inadequate response to the crisis.

Since adjustment programs have also affected the households, it is unrealistic to expect more private contributions to substitute diminished state intervention. Table 7 shows that there is not a consistent increase in enrollment in private schools. In Table 7 of the seventeen countries for which we have data private enrollments decline between 1975 and 1985. In four additional countries growth in private enrollments averages less than 1% per year.

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[21]Lewin, K. Education in Austerity: Options for Planners. (Paris: Unesco-IIEP. Fundamentals of Educational Planning Series #36. 1987), p. 92-93.

Table 7. Primary Students Enrolled in Private Schools.

Country	Enrollment in Private Schools			Average Annual Growth (Percent)		
	1975	1980	1985	1975-80	1980-85	1975-85
Argentina	17.30	17.80	18.60	0.57	0.88	0.73
Bolivia	8.80		7.70			-1.33
Brazil	12.90	12.80	12.10	-0.16	-1.12	-0.64
Chile	18.30	20.20	31.80	2.00	9.50	5.68
Colombia	15.20	14.50	13.50	-0.94	-1.42	-1.18
Costa Rica	3.70	2.60	3.50	-6.81	6.13	-0.55
Cuba	0.00	0.00	0.00			
Dom. Rep.	12.20	17.80	24.10	7.85	6.25	7.04
Ecuador	16.90	15.90		-1.21		
El Salvador	6.60	7.20	8.10	1.76	2.38	2.07
Guatemala	13.60	14.20	13.70	0.87	-0.71	0.07
Haiti	42.50	56.80	58.50	5.97	0.59	3.25
Honduras	5.20	5.30	5.10	0.38	-0.77	-0.19
Mexico	6.00	4.90	5.00	-3.97	0.40	-1.81
Nicaragua	13.30	11.80	13.30	-2.36	2.42	0.00
Panama	5.00	6.30	7.50	4.73	3.55	4.14
Paraguay			13.70			
Peru	12.90	13.10	14.40	0.31	1.91	1.11
Uruguay	17.20	16.40	15.40	-0.95	-1.25	-1.10
Venezuela	11.10	11.10	11.50	0.00	0.71	0.35

Derived from: Lockheed and Verspoor. 1989. Statistical Appendix.

Given the negative incentives at the household level to send children to school, what is needed is <u>more</u> state intervention, not <u>less</u>, simply to maintain the current levels of educational efficiency. This is certainly a paradox -- that the state contribution is needed more when it can afford it the least, but the <u>need</u> for that role should not be secondary to the apparent <u>ability</u> of the state to fulfill this responsibility. What is needed is an exploration of alternative options to continue

carrying out, in spite of the crisis, the main responsibility of the state for the development of education.

Since not all families have reached the levels of poverty that make them unable to finance their children's education, what may be necessary, for the sake of equity and balanced development, are redistributive measures that will break what is likely to develop as a vicious cycle of poverty in the absence of government intervention.[22] Those redistributive measures could be taken both within the education sector and at a more general level. Within the education sector they mean charging user fees to those who can afford them, and then using those resources to finance educational expansion for those least able to afford it. User fees at higher levels to finance expansion of education (in quality and quantity) at lower levels (to reach marginalized groups) would be a progressive way to redress the current imbalances in educational finance. This change would need to be complemented by loans to university students from less favored social backgrounds (which may have a certain grant component if recovery is less than 100% of the present value of the loan). Additional compensatory mechanisms could include partial loan forgiveness for university graduates who directly participated in projects aimed at social development or in other redistributive

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[22]The mechanics of this vicious cycle of poverty are simple. The poor become poorer because the recession has influenced them disproportionately (fewer jobs in the industrial sector, fewer government services available, reductions in real wages), and have little hope of lifting their children out of poverty through education since they need their children's labor to subsist.

programs (either after graduation or in their final years in college).

Experience with student loans in Latin America suggests that recovery rates have been low. New schemes could build on existing experiences to extend and improve this mechanism of finance.[23] The importance of using means testing systems when cost-recovery schemes are introduced cannot be overemphasized since otherwise equity would suffer. This is consistent with the thesis of this paper that any area of policy reform should be approached with a systemic analytic framework. There is evidence in Latin America that quick-fix approaches to cost-recovery can easily loose sight of this systemic view:

> Chile did raise [university] tuitions in the late 1970s while drastically reducing the subsidies to the universities ... thereby raising the amount of cost recovery to 25% ... But Chile failed to introduce a means testing system, and provide tuition and fee waivers on a more targeted basis to students from low income families, so by 1985 enrollment fell by 20,000 students and most of these students from lower income families were driven out.[24]

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[23]Schiefelbein, E. Education Costs and Financing Policies in Latin America: A Review of Available Research. (Washington, D.C.: mimeo. 1986), p. 49.

[24]McMahon, W. The Inefficiencies and Inequities Associated with Decline: Some New Options for Improving Education in Latin America. (Urbana-Champaign: College of Commerce and Business Administration. Faculty Working Paper # 89-1596. 1989), p. 26.

At a more general level reforming finance means generating additional resources for education, for instance raising additional taxes specifically earmarked for educational services.

The government could also consider seeking foreign assistance directly for education, particularly as a means to provide for some of the crucial inputs directly purchased with foreign exchange discussed earlier or to set up programs to provide education to the most vulnerable groups that have suffered disproportionately the impact of the adjustment.

The policy framework developed at Jomtien may stimulate new efforts to finance basic education in organizations such as the World Bank or the Inter-American Development Bank. Speaking on behalf of the four sponsors of the world conference, the executive director of UNICEF said in the closing session at Jomtien:

> UNICEF, the World Bank, UNESCO and the UNDP are in agreement that a special effort should be made to ensure that by the year 2000 virtually all children are achieving a common early level of achievement, in literacy, numeracy and basic life skills.

Another area for policy initiatives is to tap profit and non-profit organizations for additional contributions. Given that their interest may focus on certain educational activities their

contribution could be better linked with special projects in non-formal education. The role of the government in this case could be to act as a catalytic agent of those contributions by providing the policy direction and organizational framework that would make cooperation among different groups and sectors possible.

Financing certain forms of training by special taxes to the industries and workers benefitting from those skills is also an option; there is experience in Latin America[25] with "an excellent hands-on vocational training system financed with taxes from the payrolls.[26]

4.2. Policies to Influence Educational Management

The fact that the crisis of education described here has a fiscal origin does not necessarily mean that the solutions have to be confined to financial reforms. Although much can be done in this field in the form of tapping new sources of finance, a

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[25]In most countries, the percentage contributed by the private sector to this type of training far exceeds the contributions of the public sector: Argentina (COMET) 12.1%, Bolivia (FOMO) 1.9%, Brazil (SENAI) 100%, Colombia (SENA) 98.9%, Costa Rica (INA) 97.8%, Chile (INACAP) 2.8%, Ecuador (SECAP) 47.3%, Guatemala (INTECAP) 59.6%, Honduras (INFOP) 88.8%, Mexico (ARMO) 5.6%, Nicaragua (INA) -, Paraguay (SNPP) 100%, Peru (SENATI) 100%, Uruguay (UTU) -, Venezuela (INCE) 82% (Castro 1979, cited in Schiefelbein, E. Education Costs and Financing Policies in Latin America: A Review of Available Research. (Washington, D.C.: mimeo. 1986, p. 44).

[26]Schiefelbein, E. Education Costs and Financing Policies in Latin America: A Review of Available Research. (Washington, D.C.: mimeo. 1986), p. 42.

systemic response to the fiscal constrains would require looking for policy options in the field of management as well. The rationale for management reforms is that better utilization of scarcer resources may preserve efficiency and equity of education. Better management makes the environment able to improve the technical efficiency of the mix of inputs.

One of the critical issues to implement policy changes that may improve educational management seems to be how to create the conditions by which the existing information, data, and research become relevant in the decision making process and how to create the conditions that will allow the education ministries to learn from their own experience.

Within the ministry of education, an emphasis on program and project allocation would be desirable to facilitate planning and evaluation. The scarce literature investigating the education budget process in Latin America confirms that program allocations are not used even when formally required.[27]

The importance of an up-to-date and efficient system of educational statistics is evident given that those statistics provide the indicators to monitor the workings of the educational system and to assess the impact of policy changes. Currently, the availability of low cost computer equipment makes it easier to establish management information systems which close the gap

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[27]McGinn, N. et al. 1983. La Asignación de Recursos Económicos en la Educación Pública en México. (México: Fundación Javier Barros Sierra), p. 263.

between the decision makers and the automated databases. This, together with the increase in computer processing speed and development of user-friendly educational planning software, makes it easier to incorporate an accurate knowledge base to the policy dialogue exploring educational scenarios.

Many statistical offices in the ministries are out of sync with technological developments in this field and educational managers and top decision makers are handicapped by having to rely on outdated statistics. Information on outcomes of the educational system (levels of educational attainment of the population, literacy) is frequently a decade old. The most basic data on student achievement, which would allow monitoring the impact of the adjustment or to assess the cost-effectiveness of different policy options, are a rare commodity in most ministries.

Another type of information useful for decision making is the assessment of the implementation of educational innovations in the past or studies examining the effect of policy-related variables on school outcomes such as learning or efficiency rates. This type of information broadens the scope of policy options to be considered by the planners and managers of the educational system and allows the system to learn from the experience gained in the implementation of those innovations or reforms. In Latin America, there is an excellent network of information and documentation of educational research (REDUC). This network, coordinated by the Center for Research and

Development of Education in Santiago (CIDE), includes twenty research centers in countries of Latin America and publishes the Resúmenes Analíticos en Educación (Abstracts of Educational Research), a useful tool to facilitate access to research and documentation about educational innovations carried out in Latin America. Evaluations comparing REDUC with international databases (ERIC) conclude that REDUC is superior in several dimensions which make it more relevant for decision making in educational policies in Latin America.[28] The fact that national centers associated with this regional network already exist makes it relatively easy to develop and strengthen the links between the Ministries of Education and this live memory of the educational experience of Latin America.

Another option for administrative development would be to incorporate innovation research (to identify cost-effective systems), evaluation, and rational planning as crucial ingredients of the decision making process. Unfortunately, support for education research activities may have diminished as part of the adjustment discussed here. A similar pattern is observed in the growth of research publications in Latin America as was observed in the growth of education expenditures. The average number of articles summarized in the Resúmenes Analíticos en Educación for each of the Latin American countries increased

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[28]Reimers, F. and E. Villegas. 1984. "Informe Sobre Educación en Venezuela a Través de dos Fuentes Secundarias ERIC y REDUC." Revista Latinoamericana de Estudios Educativos. 14(3):107-119.

by 83% between 1976 and 1979, increased by 9% between 1979 and 1981, and decreased by 5% between 1981 and 1984.

A recent study about the use of research-based information by educational decision makers concludes that there is a loose link between the two.[29] The new scenario of reduced fiscal resources calls for a radical change in the traditional linkage (or lack thereof) between educational research and policy in Latin America. Educational decision makers need information from reliable and valid studies on the cost-effectiveness of different potential interventions to develop policy scenarios. Research and policy analysis units should be set up as advisory bodies at the highest levels of decision making in the education ministries. This new relationship requires also a shift in research tradition and focus from topics of academic or disciplinary interest into areas of direct relevance for policy. The study of variables which can be influenced by policy should be the primary focus of these research units.

An area in which policy research can provide timely information in this time of diminished resources is to identify and refine -- through the use of formative evaluation -- new education delivery systems. For instance, the Mexican Ministry of Education is experimenting with a program called "teacher of the streets" (maestro de la calle) to reach the growing number of

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[29]Corvalan, A.M. "Uso de la Informacion en la Toma de Decisiones en Educacion en America Latina" in Munoz, C. Calidad, Equidad y Eficiencia de la Educacion Primaria. Ediciones Cide. 1988. pp. 269-299.

street-children who are not served by traditional schools. Another example is the recent literacy campaign carried out in Ecuador in 1989 in which secondary school students were the basic trainers. Colombia has experimented, for the last fourteen years, with the Escuela Nueva a program to provide basic education in rural areas now covering 17,000 schools and reaching over 900,000 children. It is important that policy research has a broader focus than estimation of unit costs and of cost-benefit ratios and considers systematically the diversity of objectives that the ministry is trying to achieve with alternative projects.

4.3. Policies to Influence Educational Outputs: Sharpening the Links Between Education, Work, and Productivity

Among the issues of importance in the analysis of the Latin American debt crisis are the issues of employment and productivity. Increased unemployment results when the adjustment policies are designed to reduce internal demand. In this sense, addressing unemployment per se should become a driving force to refocus education programs. In addition, a partial alleviation of the crisis is expected from the development of export-oriented industries that would be competitive in world markets. This objective would fuel the need to train human resources with the skills and attitudes to provide that competitive edge. Manpower planning methods could provide a sense of direction for levels and programs to improve the fit between educational background of graduates and job requirements of openings in the industrial

sector.[30] A potential risk in using manpower planning methods for this purpose is that major technological innovations (in the fields of information and genetics, for instance, or in new technologies which may emerge) are likely to transform the occupational structure of leading industries. For manpower forecasts, this means that the coefficients of workers by sector by job and of the educational requirements for occupation by sector are unpredictable from past trends which reflect old technologies.

An option to overcome the risks implicit in manpower planning is to combine it with some heuristic approaches to plan development of the work force for leading industries and technologies and to plan at the subsystems (industry or region) level, or use plans as general indicative statements.

4.4. A Role for the International Community to Support Educational Reform Efforts in Latin America

An obvious way to ease the financial pressures in the educational systems discussed in this paper is to address the debt problem itself. Although most work in this area falls outside the sphere of the education sector, one possibility to alleviate simultaneously the debt burden and provide the resources to finance some of the initiatives suggested here is to establish special funds financed with debt-swaps. Debt-equity

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[30]Davis, R., ed. Planning Education for Development. Vol 1. (Cambridge, MA: Center for Studies in Education and Development. Harvard University. 1980a), p. 212.

swaps were initially devised as debt reduction schemes which exchanged national currency at full value on the dollar for debt purchased at a discounted value on the secondary market. International assistance agencies could purchase debt in the secondary market at a discounted value and exchange it to the government for national currency at a higher value -- which need not be 100% of the value of the debt -- which would then be used to finance education initiatives in the country. From the point of view of equity, the projects to be financed with these funds should be those that expanded educational opportunities to marginalized groups and those most affected by the recession and the adjustment programs. Of course, this idea can only work marginally as substantial increases in demand to buy debt on the secondary market would drive up the price and also this works only for debt to private creditors, not to official institutions.

Another area for reform is to increase the capacity to carry out policy analysis in the ministries themselves, especially -- but not exclusively -- to look after basic education. The research or evaluation phase of many projects financed by international donors is often not completed because the task managers do not emphasize it and/or because there is not enough local capacity to do the research. These moneys could be used to fund the establishment of policy analysis units within the ministries of education.

International agencies could also do much to contribute to monitor and reverse the impact of the adjustment on efficiency

and equity in the provision of education. Several UUNN organizations have already taken the lead in this matter, UNICEF for instance commissioned several case studies early in the 1980s to examine the impact of the adjustment in child welfare,[31] the Division of Policy and Planning of UNESCO sponsored the International conference of Educational Planning and Management in March 1990 of which an important component was to study the kinds of planning appropriate to these years of austerity. The UNESCO regional office for Latin America (OREALC) has sponsored various meetings to discuss the subject and several publications.[32] UNESCO's International Institute for Educational Planning has sponsored meetings and publications to discuss the types of planning that are appropriate responses to the era of financial austerity.[33] Other international organizations could contribute to this effort. More systematic ways to monitor the impact of the adjustment could be established, for instance a regular publication such as The State of the World for Children

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[31]Jolly, R. and G. Cornia. The Impact of World Recession on Children. Pergamon Press. 1984.

[32]For instance, in November 1988, OREALC organized a meeting to discuss "The Impact of the Crisis in the Financing of Education." Several papers were presented at that conference.

[33]For instance, to celebrate its XXVth anniversary, IIEP organized a workshop to discuss the prospects for educational planning, see Caillods, F. The Prospects for Educational Planning. (Paris: IIEP. 1989). Earlier work of the Institute on the subject include several papers by Sylvain Lourie such as "Are Consequences of Adjustment Policies on Education Measurable?" (1987) and "The Impact of Recession and Adjustment on Education" (1986). IIEP also published the work of Keith Lewin Education in Austerity: Options for Planners. (Paris: IIEP. 1987).

or the World Development Report containing case studies, indicators on the impact of the adjustment in education, especially going beyond indicators of educational inputs, into processes and outputs. A knowledge base could also be established, referencing the existing literature on the subject to facilitate policy dialogue and the exploration of policy options.

Given the focus of the World Declaration on educational achievement and completion, international donors could assist local efforts to monitor educational quality (in terms of both process and output indicators) which may suffer as a result of financial reductions. A positive example in this area are the efforts of the Costa Rican Ministry of Education to administer national achievement tests in basic education, with assistance from the World Bank. Another valuable initiative along these lines is the identification of the 900 schools of lowest student performance, in 1988, for the purpose of increasing their effectiveness, through the national system of quality assessment (Sistema de Medicion de la Calidad de la Educacion SIMCE) in Chile.

5. Conclusions

From the point of view of optimizing efficiency and equity in the implementation of a strategy to achieve education for all, major educational reforms, rather than gradual adjustment, are desirable in the 1990s. Policy initiatives to increase the level

of fiscal resources for education are an important component of these reforms. But change is also needed in the management of those resources and in making the education system more responsive to the needs of the economy.

The major obstacle in the implementation of these reforms will probably stem from the political economy of education and of adjustment. The international community has a significant potential role to support local initiatives directed at achieving basic education for all in Latin America.

Appendix 16

END

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March 29, 1991